



NEWS RELEASE

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USDA ANNOUNCES STATES AND COUNTIES SELECTED FOR \$11 MILLION DAIRY OPTIONS PILOT PROGRAM

GRAND FORKS, N.D., June 8, 1998--Agriculture Secretary Dan Glickman today announced an \$11 million program to give dairy producers in selected counties a financial incentive to use options to manage their price risks. The new Dairy Options Pilot Program (DOPP) helps producers create their own financial safety net by purchasing exchange-traded options on the price of their milk. When milk prices fall, producers would be able to offset losses based on projected future earnings, in effect putting a floor under their milk prices.

"Dairy farmers are facing tough times these days," Glickman said. "The new dairy options pilot program is only one step we are taking to help dairy farmers survive under current farm laws. We think it offers promise to help farmers manage the risk they may face from increased price volatility."

In addition, to help dairy farmers suffering from low milk prices, the Agriculture Department purchased almost 86 million pounds of non-fat dry milk this fiscal year to remove excess supplies off the market. USDA also authorized overseas sales of nearly 30,000 additional tons of milk products under the Dairy Export Incentive Program (DEIP).

The selected states and counties are:

California	Stanislaus, Merced, Tulare, San Bernardino, San Joaquin, Kings
Minnesota	Stearns, Otter Tail, Todd, Morrison, Winona, Goodhue
New York	St. Lawrence, Oneida, Steuben, Chautaugua, Jefferson, Lewis
Pennsylvania	Lancaster, Bradford, Franklin, Crawford, Berks, Chester
Texas	Hopkins, Wood, Van Zandt, Johnson, Comanche, Erath

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Vermont Franklin, Addison, Orleans, Orange, Rutland, Caledonia

Wisconsin Marathon, Clark, Grant, Vernon, Chippewa, Dane

Participation is voluntary. To be eligible, producers must operate a dairy farm located in the selected counties and demonstrate production of at least 100,000 pounds of milk over any consecutive six month period during the last 12 months. An estimated 35,000 dairy producers are in the selected counties. Training and assistance are limited to 8,400 producers.

The pilot will last six months for each group of participants. After successfully completing the required training, producers may use options to protect their price risk on between 100,000 pounds and 600,000 pounds of milk production. USDA will pay up to 80 percent of the options premium costs for transactions executed under program guidelines. For more information, contact Joe Connor at: (202) 720-4232.

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